GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:254
ANSWERED ON:24.11.2005
COMMERCIAL USE OF DOMESTIC LPG CYLINDERS
Chowdhury Shri Adhir Ranjan;Ponnuswamy Shri Mohan;Singh Shri Uday

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government is planning new marketing strategy for distribution of Liquefied Petroleum Gas (LPG) cylinders;

(b) if so, the details thereof ;

(c) whether the Government is aware that domestic LPG cylinders are being diverted for commercial purposes and to check such diversion by oil companies has proved futile ; and

(d) if so, the extent to which the new marketing strategy for distribution of LPG cylinders would check such diversion of LPG cylinders for commercial purposes ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d) : At present, there are two categories of packed LPG cylinders, i.e. 14.2 kg cylinder used for domestic LPG which is subsidized and 19 kg cylinder for commercial use at market price. As on 1.10.2005, the Oil Marketing Companies (OMCs) have given 8.72 crore number of connections for domestic LPG covering about 45% of the total population. As regards commercial cylinders, the same are marketed as per the requirement. While the Government/OMCs are not planning any new marketing strategy for distribution of LPG cylinders, due to product shortage from September 2005, largely on account of non-materialization of some additional LPG imports planned by OMCs and shutdown of Reliance Industries Limited (RIL)'s Refinery from October 2005, the OMCs have restricted the release of new connections. The position is being closely monitored by the Government and a composite task force of OMCs has been set up to undertake measures for both import and inventory management. While, at the macro level, the country-wide backlog is only around 1.5 % of the average monthly requirement of around 900 TMT (Thousand Metric Tonne) of LPG, at micro level, the backlog might vary from the market to market on account of operational issues. The situation is expected to normalize by the end of November 2005 after the restoration of production of RIL's Refinery and the release of new connections by OMCs is likely to be resumed from 1st December 2005.

The following measures have been taken to prevent the diversion of domestic LPG cylinders for commercial purposes :-

(i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion of domestic LPG cylinders for commercial purposes by the distributors of OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order.

(ii) As per the Marketing Discipline Guidelines (MDG) for LPG distributors, in case of establishment of any diversion of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor :

(a) Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

(b) Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and

(c) Termination of the distributorship for 3rd offence.

(iii) The officials of OMCs carry out random checks at distributor's godown, delivery point as well as enroute to ensure that no diversion takes place. Action against the erring distributor is taken in terms of MDG / or Distributorship Agreement.